

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4720-01
Bill No.: SB 839
Subject: Gambling; Licenses - Miscellaneous
Type: Original
Date: February 2, 2010

Bill Summary: This proposal modifies provisions of law regarding licensed gambling.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Gaming Commission (GAM)** state the fiscal impact of this legislation is significant but unknown at this time. This legislation would eliminate one of the regulatory tools used by the Missouri Gaming Commission to evaluate, monitor and discipline its licensees as to financial consideration. When utilized as one of many disciplinary options available to the Commission ending in revocation and subsequent re-issuance of a new license, the fiscal impact must include unrealized tax revenues (Education) for each potential replacement casino. Each dollar of AGR represents 19 cents (\$.189) to education.

It is also necessary to include but difficult to measure the value of the capital investment accompanying a proposal by a perspective licensee. Past proposals would indicate these are substantial capital investments carrying with them significant economic multiplier effects resulting in significant state income and sales tax revenues.

Rather than plugging in a dollar amount, GAM assumes the fiscal impact to be "unknown" because not only is it difficult to measure the costs of a singular event, the proposed change in law would affect all future actions of the Commission in this respect.

GAM provided the following comparative information regarding Missouri's casinos.

	<u>2009 Adjusted Gross Receipts (millions)</u>	<u>Number of employees by site (at 6/30/09)</u>
Argosy (KC area)	\$198.2	1,019
Harrah's (KC area)	\$197.8	1,261
Ameristar (KC area)	\$243.7	1,948
Isle of Capri (KC area)	\$ 81.5	506
Harrah's (St. Louis area)	\$292.4	1,616
Ameristar (St. Louis area)	\$297.0	1,636
Lumiere (St. Louis area)	\$181.1	1,343
President (St. Louis area)	\$ 23.3	239
Boonville	\$ 81.3	540
Caruthersville	\$ 33.2	326
Mark Twain	\$ 36.4	243
St. Joseph	\$ 37.7	284

ASSUMPTION (continued)

Oversight is uncertain if this proposal would impede the Gaming Commission's ability to revoke the license of the President Casino in St. Louis (operations set to discontinue July 1, 2010). Oversight assumes that if the Gaming Commission revokes the license of the President casino, a new license could be awarded to a different facility that will be able to generate gaming revenue for the state at a level higher than what is currently being produced by the President. However, Oversight assumes the fiscal impacts presented by the Gaming Commission (additional revenue for education and additional capital investment in Missouri) to be potential indirect effects of the bill. Oversight assumes the Gaming Commission would still be able to revoke a license of a casino for various other offenses; however, 'inadequate declining income' would not be one of them.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Gaming Commission

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 2, 2010